



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

March 6, 2012

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NUMBER FIVE TO CONTRACT NO. 76808 WITH  
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY  
FOR CHANGES TO THE COUNTY'S DEFINED CONTRIBUTION PLANS  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

Proposed amendment to contract with Great-West Life & Annuity Insurance Company (Great-West) to authorize the Chief Executive Office to make changes to the Deferred Compensation and Thrift (Horizons) Plan, Savings Plan, Pension Savings Plan, and Termination Pay Pick-Up Plan that do not exceed 5 percent of the contract sum.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve the attached Amendment Number Five to allow the Chief Executive Office to implement changes to the County of Los Angeles (County) Defined Contribution Plans that do not exceed 5 percent of the contract sum.
2. Instruct the Chair to sign an amendment to the contract with Great-West Life & Annuity Insurance Company, Contract No. 76808.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Great-West has been the County's third party administrator (TPA) for the Horizons Plan, Savings Plan, and Termination Pay Pick-up Plan since 1997 and the Pension Savings Plan since 2008. Great-West is responsible for maintaining the participants' accounts and processing all daily financial transactions which include investment trading transactions initiated by participants, changes in deferral amounts, hardship withdrawals, and the administration of loans.

*"To Enrich Lives Through Effective And Caring Service"*

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Board of Supervisors  
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First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

As of December 31, 2011, aggregate plan assets totaled over \$7.7 billion. Individual plan statistics are as follows:

Plans	Plan Assets	Number of Participants
457 Horizons Plan	\$6.1 billion	84,921
401(k) Savings Plan	\$1.6 billion	13,293
Pension Savings Plan	\$135 million	25,725
Termination Pay Pick-Up Plan	\$4.1 million	125

The Plan assets are held in separate trust fund accounts at Wells Fargo Bank. The current banking structure involves an account used for Plan distributions, loans, and payment of Plan expenses. The account also collects custodial fees, and transfers from the depository account and trading account. The balance in the account is transferred daily to an investment sweep account for the purpose of earning interest. The proposed Amendment will 1) benefit Plan participants by allowing excess balances to earn credits which will be used to offset bank charges, and 2) allow the Chief Executive Office as the County's Project Director to authorize any changes in writing that do not exceed 5 percent of the contract sum.

#### **Implementation of Strategic Plan Goals**

The recommended changes are consistent with the Countywide Strategic Plan Goal, Organizational Effectiveness by providing effective and efficient services to Plan participants.

#### **FISCAL IMPACT/FINANCING**

There is no net County cost to implement the change.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Horizons Plan, Savings Plan, Pension Savings Plan, and Termination Pay Pick-Up Plan were established as tax-favored defined contribution plans that must comply with existing tax law and regulatory requirements. County Code Sections 5.18, 5.19, 5.25, and 5.26 serve as the federally required plan document for the Plans.

County Counsel has approved the proposed Amendment as to form.

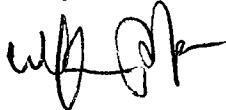
### **CONTRACTING PROCESS**

Your Board approved the contract with Great-West for third party administrative services on June 17, 2008. The proposed Amendment will require Board approval on all changes that affect more than 5 percent of the contract sum.

### **IMPACT ON CURRENT SERVICES**

The proposed Amendment will provide efficiency in the implementation and administration of any changes that do not affect more than 5 percent of the contract sum, the service, term, payments, or any term or condition included in the Contract. The change would allow the Plan to continue to provide effective services in the best interest of the Plan participants and their beneficiaries.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:BC:JA:MTK  
SM:AJ:mst

Attachment

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Treasurer and Tax Collector
- Human Resources
- Horizons Plan Administrative Committee
- Savings Plan Administrative Committee
- Termination Pay Pick-Up Plan Administrative Committee
- Pension Savings Plan Administrative Committee
- SEIU Local 721
- Coalition of County Unions

**CONTRACT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY  
FOR  
THIRD PARTY ADMINISTRATIVE SERVICES  
(Contract No. 76808)  
  
AMENDMENT NO. 5**

WHEREAS, on November 20, 2008, the County of Los Angeles, hereinafter referred to as the "COUNTY," entered into a contract with Great-West Life & Annuity Insurance Company, hereinafter referred to as the "CONTRACTOR," for defined contribution plan services; and

WHEREAS, on March 30, 2010, the COUNTY and CONTRACTOR entered into Amendment No. 1 to the Contract; and

WHEREAS, on December 7, 2010, the COUNTY and CONTRACTOR entered into Amendment No. 2 to the Contract; and

WHEREAS, on March 29, 2011, the COUNTY and CONTRACTOR entered into Amendment No. 3 to the Contract; and

WHEREAS, on August 30, 2011, the COUNTY and CONTRACTOR entered into Amendment No. 4 to the Contract; and

WHEREAS, Section 8.4.1, "Amendments" of the aforementioned contract requires that revisions, which affect the Statement of Work and Contract Sum, be prepared and executed by the CONTRACTOR and by the COUNTY Board of Supervisors;

NOW, THEREFORE, it is agreed between the parties that the Contract shall be amended as follows:

- 1. This Amendment No. 5 shall commence and be effective on March 6, 2012 (Effective Date).**
- 2. SECTION 6.0 ADMINISTRATION OF CONTRACT - COUNTY, shall be amended to replace existing subsection 6.1:**

**6.1 County's Project Director**

Responsibilities of the County's Project Director include:


1. Ensuring that the objectives of this Contract are met;
2. Recommending to the Board any changes to this Contract that exceed 5 percent of the contract sum;

3. Authorizing any changes in writing that are up to 5 percent of the contract sum as negotiated and agreed upon between the County's Project Director and Contractor;
  4. Authorizing subcontracting by the Contractor pursuant to subsection 8.7 SUBCONTRACTING;
  5. Reviewing the Contractor's request to use the name of the County and Defined Contribution Program in publicity, in accordance with subsection 8.38 PUBLICITY; and
  6. Notifying the Contractor of termination of the Contract.
- 3. SECTION 8.4 AMENDMENTS, shall be amended to replace existing subsection 8.4.1:**
- 8.4.1 Unless provided elsewhere within this Contract, for any change which affects more than 5 percent of the Contract Sum, the service, term, payments, or any term or condition included under this Contract, an Amendment shall be prepared and executed by the Contractor and the Board.
- 4. EXHIBIT A, STATEMENT OF WORK, SECTION 7.0 BANKING SERVICES, shall be amended to replace existing subsection 7.4 Deposits, with the following:**
- 7.4 Overnight sweep. At the close of each Business Day, the bank will transfer available balances in the Concentration Account to the Investment Sweep Account, subject to the Investment Providers investment sweep policies, unless otherwise stated in writing by the County Project Director.
- 5. Except as modified by this Amendment No. 5, all terms and conditions of the contract shall remain in full force and effect.**

IN WITNESS WHEREOF the County of Los Angeles and Great-West Life & Annuity Insurance Company have each caused this Amendment No. 5 to be executed by its duly authorized officer as of the date first above written.

GREAT-WEST LIFE & ANNUITY  
INSURANCE COMPANY

COUNTY OF LOS ANGELES

By   
\_\_\_\_\_  
Gregory E. Seller  
Senior Vice President, Government Markets

By \_\_\_\_\_  
Chair, Board of Supervisors

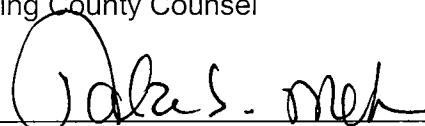
ATTEST:

SACHI HAMAI  
Executive Officer  
Board of Supervisors

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

JOHN KRATTLI  
Acting County Counsel

By   
\_\_\_\_\_  
Principal Deputy County Counsel